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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC WGR 1/154

1 January 1962

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
15-28 December 1961

Increased deliveries of Soviet military equipment to Egypt are underway. Egyptian naval forces are being augmented, and the country apparently is preparing to receive such advanced weapons as MIG-21 fighters and Tu-16 bombers as well as a variety of short-range tactical missiles.

In Niger, President Diori has begun to replace his pro-Western foreign policy with a more neutral one, and domestic political considerations may result in his acceptance of some Bloc assistance. Also in Africa, Ghana's President Nkrumah claims that the European Bloc countries and Communist China have agreed to provide to Ghana credits amounting to \$270 million -- a substantial increase above known Bloc credits.

The USSR has rejected an Indonesian request to defer the 1961 debt payment until October 1962. The Soviet proposal that Indonesia pay in rubber or tin would mean reduced Indonesian foreign exchange earnings in 1962. Also in Asia, a protocol to the Sino-Burmese economic aid agreement was signed that includes project agreements costing almost half of the \$84 million Chinese Communist credit, and further agreements are expected to be signed. In addition, Soviet aid is under consideration in regard to a fertilizer plant, an irrigation project, and the purchase of Czechoslovak tractors.

Trade between Poland and underdeveloped countries of the Free World in 1960 was more than 18 percent greater than in 1959, and figures released by the Polish Foreign Trade Ministry indicate that there was a further dynamic expansion of this trade in 1961. Continued increases are planned for 1962-65. Related to this development is a significant rise since 1 January 1960 in the Polish participation in the Bloc aid program.

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